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Benton REA steps up to reduce wholesale power rates

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Bonneville Power Administration

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PROSSER, Wash. – The Bonneville Power Administration and Benton Rural Electric Association signed a load reduction agreement on June 6 that will reduce by 10 percent the amount of power BPA was planning to provide the utility starting in October 2001.

Steve Wright, acting BPA administrator, praised Benton, saying, "Benton REA is taking a very important step toward reducing the rate increase planned for Oct. 1 and is helping ensure economic stability in the region. Benton is doing its part, and we hope that other utilities will do the same within the next 16 days."

Charles Dawsey, general manager and CEO of Benton REA, said, "Benton REA has been vigilant in its efforts to maintain stable rates for its membership. Because of the low cost energy purchases we made, combined with cost-effective conservation measures, our cooperative is now able to commit to a load reduction plan that meets the Bonneville Power Administration goals. We are optimistic that our efforts, combined with those of other utilities, will reduce BPA's wholesale rate increase proposed for October to manageable levels and result in savings to Benton REA members."

Beginning in October, Benton REA will reduce its 54.8 average megawatt planned load on BPA by 10 percent, or 5.48 average megawatts, for a term of one year. Benton REA's contribution to the regional effort stems from new commitments to implement BPA conservation programs and a substantial power purchase from a third-party supplier.

BPA's goal is to reduce the load of its public utility customers by about 600 average megawatts. Reducing loads means that BPA will have to buy less power in the expensive wholesale market, which will help to reduce the size of its wholesale rate increase in October. BPA expects that within two years sufficient new generation will have come on line so that market prices will stabilize.

"Negotiations are ongoing with all our customer groups," said Wright. "We hope that our recent load reduction agreements with other customers and now with Benton REA will serve as catalysts to firming up additional agreements – and soon."

On June 6, BPA announced that the region's federal electricity system is headed for wholesale rate increases of 150 percent or more beginning October 1 unless its industrial and utility customers make

additional commitments to reduce energy use within the next 16 days.

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